

**AMENDMENTS TO THE DRAWINGS**

The attached replacement drawing sheet is submitted in response to the Examiner's objection. As originally filed, FIG. 4B did not reference system 200 as per page 16, line 14 of the specification. The replacement drawing sheet now includes a reference to system 200. Accordingly, Applicant requests that the Examiner withdraw the objection.

**REMARKS**

This Amendment and Request for Reconsideration is submitted in response to an outstanding Office Action dated April 20, 2006, the shortened statutory period for response having expired on July 20, 2006. Accordingly, a Petition and Fee for Extension of time are included herewith.

I. Status of the Claims

Please cancel claims 14, and 44-64 without prejudice, amend claims 1, 10-13, 41-43 and 65 as indicated above. Claims 1-13, 15-43, 65 and 66 are now pending in the application. Claims 1, 10, 11, 12, 13, 41, 42, 43, and 65 are independent claims.

Applicants acknowledge the Examiner's citation of statutory authority as a basis for claim rejections.

The Examiner objected to the specification, requiring a correction. A replacement paragraph that incorporates the requested correction is included herewith, and Applicant respectfully requests that the Examiner withdraw the objection.

The Examiner objected to the drawings, requiring a correction. A replacement drawing sheet that incorporates the requested correction is included herewith, and Application respectfully requests that the Examiner withdraw the objection.

II. Rejections under 35 U.S.C. § 101

The Examiner has rejected claims 10, 41 and 54 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. The Examiner states that "computer executable software code transmitted as an information signal does not fall within any of the categories of patentable subject matter set forth in 35 U.S.C. § 101."

Claim 54 has been cancelled and applicant respectfully traverses the rejection as

to claims 10 and 41. Applicant submits that in software sale and distribution, code for accomplishing a method may be sold and distributed on a computer readable medium (e.g., claim 11) for later installation on a computer system. It is also common for software code to be distributed directly to users by electronic down-load to a computer, without transfer of a computer readable medium. In order to fully protect the various types of sales and distribution activities, applicants have crafted claims to specifically cover electronic transfer of infringing software code, by directing claims 10 and 41 to computer software code **transmitted as an information signal**. Applicants submit that computer executable software code transmitted as an information signal (claims 10 and 41) serves a useful purpose just as a computer readable medium (claim 11), and a computer with memory and a processor (claim 12) serve useful purposes. Applicant submits that to be statutory, 35 U.S.C. § 101 requires nothing more. For this reason, applicant requests withdrawal of the rejection of claims 10 and 41.

Applicant also directs the Examiner's attention to claims 84, 85 and 86 of U.S. Patent No. 6,513,020, which issued on January 28, 2003 ("the '020 patent"). Those claims are directed to "A computer data signal embodied in a carrier wave and representing instructions for execution by a computer for ..." Applicant's also direct the Examiner's attention to claims 82 and 83 of the '020 patent. Those claims are directed to a computer program product for ... comprising: a computer readable medium having stored thereon ..." Applicants submit that there is no statutory difference between the subject matter of those claims of the '020 patent and claims 10 and 41 of the instant application.

Finally, Applicant directs the Examiner's attention to recent holdings from the Court of Appeals for the Federal Circuit, which clearly show that software code alone is patentable as a process, and that electronic transmission of software code is eligible for the same

protection as a physical media where the software code is stored. In *Eolas*, the Federal Circuit stated that “[w]ithout question, **software code alone qualifies as an invention eligible for patenting ... at least as processes.** ... [T]his software code claimed in conjunction with a physical structure, such as a disk, fits within at least these ... categories of subject matter within the broad statutory label of ‘patented invention.’” *Eolas Tech. Inc. v. Microsoft Corp.*, 399 F.3d 1325, 1399 (Fed. Cir. 2005) (emphasis added). In *A T & T*, the Federal Circuit quoted *Eolas* for that proposition, and then stated “we cannot accept [the] suggestion that **software sent by electronic transmission must be treated differently** for purposes of § 271(f) liability **from software shipped on disks**, ... as it would amount to an exaltation of form over substance. [W]hether software is sent abroad via **electronic transmission or shipped abroad on a ... disk is a distinction without a difference** for the purposes of § 271(f) liability.” *A T & T Corp. v. Microsoft Corp.*, No. 04-1285, 2005 WL 1631112, \*4 (Fed. Cir.(S.D.N.Y) July 13, 2005) (emphasis added).

Withdrawal of the rejection of claims 10 and 41 under 35 U.S.C. § 101 is respectfully requested.

III. Rejections under 35 U.S.C. §§ 102 and 103

The Examiner has rejected claims 1, 7-13, 16-19, 27-31, 33-35, 41-44, and 52-64 under 35 U.S.C. § 102(e) as being anticipated by U.S. Published application No. 2002/0032635 to Harris et al. (“*Harris*”). Claims 2-3, 20-21 and 45-46 are rejected under 35 U.S.C. § 103(a) as being unpatentable over *Harris*, and further in view of “A Trading Strategy for Beating the Spread” by J. Frederick (“*Frederick*”). Claims 4-6, 14-15, 22-26, 47-51 and 65-66 are rejected under 35 U.S.C. § 103(a) as being unpatentable over *Harris*, and further in view of Togher et al. (“*Togher*”). Claim 32 is rejected under 35 U.S.C. § 103(a) as being unpatentable over *Harris*,

and further in view of U.S. Patent No. 5,717,860 to Graber et al. (“*Graber*”). Claims 36 and 39-40 are rejected under 35 U.S.C. § 103(a) as being unpatentable over *Harris*. Claims 37 and 38 are rejected under 35 U.S.C. § 103(a) as being unpatentable over *Harris*, and further in view of “Disclosure, Pay-to-Play, Litigation Reform: Washington Hasn’t Lost Interest in Bonds” by L. Hume (“*Hume*”).

Claim 14 has been cancelled and its limitations incorporated generally into claim 1. Applicant respectfully submits that as amended claim 1 distinguishes over the cited art and is allowable. In particular, claim 1 recites: A method performed by a member securities exchange for processing a non-member transaction on the member securities exchange where all securities transactions must be backed by credit of the member. The method comprises transmitting a securities transaction from the non-member institution to a credit authorization service of the exchange. The credit authorization service compares a value of the securities transaction with a pre-established threshold value, the pre-established threshold at least partially established by a member of the exchange, and removes or masks an identity of the non-member institution. The credit authorization service also processes the securities transaction backed by credit of the member if the value of the securities transaction is below the pre-established threshold, or alternatively rejects the securities transaction if the value of the securities transaction is above the pre-established threshold. The method also comprises receiving at the non-member institution a message from the credit authorization service, the message including an indication that the securities transaction was processed or rejected.

In rejecting dependent claim 14 over *Harris*, the Examiner acknowledged that “*Harris* does not disclose a method wherein processing the securities transaction further comprises removing or masking an identity of the ... non-member institution from the securities

transaction.” The Examiner relied on *Togher* to disclose “a method wherein processing the securities transaction further comprises removing or masking an identity of the ... non-member institution from the securities transaction.”

Applicant first notes that to the extent *Harris* discloses authorization for credit, it appears to be within the context of a single institution, not a member securities exchange. *Harris* does not disclose credit authorization by a member securities exchange. For example, in paragraph [0004], the traders are described as employees of banks. Then in paragraph [0036] the system has the ability to select membership descriptors, such as NASD, MSRV, NYSE, etc. clearly indicating that the system is managing authorization within a single institution, instead of managing for an entire member securities exchange. Applicant submits that *Togher* similarly lacks this disclosure.

Claim 1 also recites removing or masking an identify of the non-member institution and processing the securities transaction backed by credit of the member if the value of the securities transaction is below the pre-established threshold. Applicant submits that *Harris* and *Togher* do not disclose or suggest this individually or in combination, and that claim 1 is therefore allowable over the references.

The other pending independent claims include limitations similar to those discussed with respect to claim 1, and are allowable for similar reasons.

Because the independent claims are shown to be allowable, applicant respectfully submits that the claims that depend therefrom are also allowable.

### III. Request for Reconsideration

Applicants respectfully submit that the claims of this application are in condition for allowance. Accordingly, reconsideration of the rejection and allowance is requested. If a

conference would assist in placing this application in better condition for allowance, the undersigned would appreciate a telephone call at the number indicated.

Respectfully submitted,  
Milbank, Tweed, Hadley & McCloy LLP

A handwritten signature in dark ink, appearing to read 'C. L. Holm', written over a horizontal line.

Chris L. Holm  
Reg. No.: 39,227

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